

<i>SERFF Tracking Number:</i>	<i>STNA-125608732</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>National Specialty Insurance Company</i>	<i>State Tracking Number:</i>	<i>#103151 \$50</i>
<i>Company Tracking Number:</i>	<i>NSIC-DCL-PD-AR-08-01-F</i>		
<i>TOI:</i>	<i>20.0 Commercial Auto</i>	<i>Sub-TOI:</i>	<i>20.0003 Other</i>
<i>Product Name:</i>	<i>Dealer's Contingent Liability and Physical Damage Program</i>		
<i>Project Name/Number:</i>	<i>NSIC-DCL-PD-AR-08-01-F /NSIC-DCL-PD-AR-08-01-F</i>		

Filing at a Glance

Company: National Specialty Insurance Company

Product Name: Dealer's Contingent Liability and SERFF Tr Num: STNA-125608732 State: Arkansas

Physical Damage Program

TOI: 20.0 Commercial Auto

SERFF Status: Closed

State Tr Num: #103151 \$50

Sub-TOI: 20.0003 Other

Co Tr Num: NSIC-DCL-PD-AR-08-01-F

State Status: Fees verified and received

Filing Type: Form

Co Status:

Reviewer(s): Llyweyia Rawlins

Author: Ines Piquet

Disposition Date: 08/05/2008

Date Submitted: 07/30/2008

Disposition Status: Approved

Effective Date Requested (New): 09/03/2008

Effective Date (New): 09/03/2008

Effective Date Requested (Renewal): 09/03/2008

Effective Date (Renewal):

09/03/2008

State Filing Description:

General Information

Project Name: NSIC-DCL-PD-AR-08-01-F

Status of Filing in Domicile: Pending

Project Number: NSIC-DCL-PD-AR-08-01-F

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 08/05/2008

State Status Changed: 08/01/2008

Deemer Date:

Corresponding Filing Tracking Number: N/A

Filing Description:

On behalf of National Specialty Insurance Company Inc. ("the Company"), we are filing to introduce their Dealer's Contingent Liability and Physical Damage Program. While this filing pertains to forms the corresponding rates and rules are exempt from Arkansas filing requirements per statute 23-67-206. Please see the enclosed filing memorandum for complete details.

The Company respectfully requests that this filing be implemented for all policies on September 3, 2008 or the earliest

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TOI:	20.0 Commercial Auto	Sub-TOI:	20.0003 Other
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possible date upon approval/acknowledgement.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. The Company has prepared the forms contained in this filing along with the filing memorandum. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company contact. The Company response will be submitted to your attention as soon as we receive it.

We trust you will find this submission acceptable and as such look forward to your approval.

Please do not hesitate to contact us with any questions or comments.

Company and Contact

Filing Contact Information

Ines Piquet, Regulatory Compliance Mgr (P&K) doi@perrknight.com
881 Alma Real Drive, Suite 205 (310) 230-9339 [Phone]
Pacific Palisades, CA 90272 (310) 230-8529[FAX]

Filing Company Information

National Specialty Insurance Company	CoCode: 22608	State of Domicile: Texas
8200 Anderson Boulevard	Group Code: 93	Company Type: Property & Casualty
Fort Worth, TX 76120	Group Name:	State ID Number:
(800) 877-4567 ext. [Phone]	FEIN Number: 75-2816775	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$50.00
Retaliatory?	No
Fee Explanation:	\$50 per form filing
Per Company:	No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
National Specialty Insurance Company	\$0.00	07/30/2008	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
103151	\$50.00	07/02/2008

SERFF Tracking Number:	STNA-125608732	State:	Arkansas
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Company Tracking Number:	NSIC-DCL-PD-AR-08-01-F		
TOI:	20.0 Commercial Auto	Sub-TOI:	20.0003 Other
Product Name:	Dealer's Contingent Liability and Physical Damage Program		
Project Name/Number:	NSIC-DCL-PD-AR-08-01-F /NSIC-DCL-PD-AR-08-01-F		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	08/05/2008	08/05/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Llyweyia Rawlins	07/31/2008	07/31/2008	Ines Piquet	08/04/2008	08/04/2008

<i>SERFF Tracking Number:</i>	<i>STNA-125608732</i>	<i>State:</i>	<i>Arkansas</i>
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<i>TOI:</i>	<i>20.0 Commercial Auto</i>	<i>Sub-TOI:</i>	<i>20.0003 Other</i>
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Disposition

Disposition Date: 08/05/2008

Effective Date (New): 09/03/2008

Effective Date (Renewal): 09/03/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: STNA-125608732 State: Arkansas

Filing Company: National Specialty Insurance Company State Tracking Number: #103151 \$50

Company Tracking Number: NSIC-DCL-PD-AR-08-01-F

TOI: 20.0 Commercial Auto Sub-TOI: 20.0003 Other

Product Name: Dealer's Contingent Liability and Physical Damage Program

Project Name/Number: NSIC-DCL-PD-AR-08-01-F /NSIC-DCL-PD-AR-08-01-F

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Filing Memorandum & Letter of Authority	Approved	Yes
Form	DEALER APPLICATION CONTINGENT LIABILITY & PHYSICAL DAMAGE	Approved	Yes
Form	CONTINGENT LIABILITY & PHYSICAL DAMAGE POLICY DECLARATIONS	Approved	Yes
Form	DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY GENERAL PROVISIONS	Approved	Yes
Form	ARKANSAS AUTO MEDICAL PAYMENTS COVERAGE	Approved	Yes
Form	ARKANSAS PERSONAL INJURY PROTECTION ENDORSEMENT	Approved	Yes
Form (revised)	ARKANSAS AMENDATORY ENDORSEMENT	Approved	Yes
Form	ARKANSAS AMENDATORY ENDORSEMENT	Approved	No
Form	ARKANSAS UNINSURED MOTORISTS COVERAGE	Approved	Yes

SERFF Tracking Number: STNA-125608732 State: Arkansas
Filing Company: National Specialty Insurance Company State Tracking Number: #103151 \$50
Company Tracking Number: NSIC-DCL-PD-AR-08-01-F
TOI: 20.0 Commercial Auto Sub-TOI: 20.0003 Other
Product Name: Dealer's Contingent Liability and Physical Damage Program
Project Name/Number: NSIC-DCL-PD-AR-08-01-F /NSIC-DCL-PD-AR-08-01-F

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 07/31/2008
Submitted Date 07/31/2008
Respond By Date 08/12/2008

Dear Ines Piquet,

Arkansas Amendatory Endorsement does not mention:

The appraisal clause(s) found in this filing should be amended to comply with Ark. Code Ann. §23- 79-203 and Arkansas Bulletin No. 19-89. The clause(s) must specifically state it is non-binding and voluntary.

The arbitration clause(s) found in this filing should be amended to comply with Ark. Code Ann. §23- 79-203 and Arkansas Bulletin No. 19-89. The clause(s) must specifically state it is non-binding and voluntary.

Sincerely,

Llyweyia RAWlins

Please feel free to contact me if you have questions.

Sincerely,

Llyweyia Rawlins

Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/04/2008
Submitted Date 08/04/2008

Dear Llyweyia Rawlins,

Comments:

Response 1

Comments: Please find attached a revised amendatory endorsement

Changed Items:

No Supporting Documents changed.

SERFF Tracking Number: STNA-125608732 State: Arkansas
Filing Company: National Specialty Insurance Company State Tracking Number: #103151 \$50
Company Tracking Number: NSIC-DCL-PD-AR-08-01-F
TOI: 20.0 Commercial Auto Sub-TOI: 20.0003 Other
Product Name: Dealer's Contingent Liability and Physical Damage Program
Project Name/Number: NSIC-DCL-PD-AR-08-01-F /NSIC-DCL-PD-AR-08-01-F

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
ARKANSAS AMENDATORY ENDORSEMENT	KI-DCL-0001-0608	06/2008	Endorsement/Amendment/Conditions	New			Arkansas Amendatory Endorsement.pdf

Previous Version

ARKANSAS AMENDATORY ENDORSEMENT	KI-DCL-0001-0608	06/2008	Endorsement/Amendment/Conditions	New			SAE.pdf
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No Rate/Rule Schedule items changed.

Sincerely,
Ines Piquet

SERFF Tracking Number: STNA-125608732 State: Arkansas

Filing Company: National Specialty Insurance Company State Tracking Number: #103151 \$50

Company Tracking Number: NSIC-DCL-PD-AR-08-01-F

TOI: 20.0 Commercial Auto Sub-TOI: 20.0003 Other

Product Name: Dealer's Contingent Liability and Physical Damage Program

Project Name/Number: NSIC-DCL-PD-AR-08-01-F /NSIC-DCL-PD-AR-08-01-F

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	DEALER APPLICATION CONTINGENT LIABILITY & PHYSICAL DAMAGE	KMI- NSIC-00-CL-1001-2006-10	10/2006	Application/ New Binder/Enrollment		0.00	DCL Application.pdf
Approved	CONTINGENT LIABILITY & PHYSICAL DAMAGE POLICY DECLARATIONS	KMI- NSIC-00-DCL-1002-2006-10	10/2006	Declaration News/Schedule		0.00	Declarations.pdf
Approved	DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY GENERAL PROVISIONS	KMI- NSIC-00-MDCL	06/2008	Policy/Coverage New Form		0.00	General Provisions.pdf
Approved	ARKANSAS AUTO MEDICAL PAYMENTS COVERAGE	KI-DCL- NSIC-AR-0004-0608	06/2008	Endorsement New/Amendment/Conditions			MED PAY.pdf
Approved	ARKANSAS PERSONAL INJURY PROTECTION ENDORSEMENT	KI-DCL- NSIC-AR-0002-0608	06/2008	Endorsement New/Amendment/Conditions			PIP.pdf
Approved	ARKANSAS AMENDATORY ENDORSEMENT	KI-DCL- NSIC-AR-0001-0608	06/2008	Endorsement New/Amendment/Conditions			Arkansas Amendatory Endorsement.pdf

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<i>Project Name/Number:</i>	<i>NSIC-DCL-PD-AR-08-01-F /NSIC-DCL-PD-AR-08-01-F</i>		

Approved	ARKANSAS	KI-DCL-	06/2008	Endorseme New	UMC.pdf
	UNINSURED	NSIC-AR-		nt/Amendm	
	MOTORISTS	0003-0608		ent/Condi	
	COVERAGE			ons	

Administrator:
Knight Management Insurance Services, LLC
4751 Wilshire Blvd. #111
Los Angeles, CA 90010
(888) 333-8198

National Specialty Insurance Company
8400 Anderson Blvd
Fort Worth, TX 76120

DEALER APPLICATION CONTINGENT LIABILITY & PHYSICAL DAMAGE

Dealer Name:		Date	
Address:		Requested Effective Date:	
City:	State:	Zip:	EIN:
Franchise(s):			

Coverages	<input type="checkbox"/> Standard Limits (30-Day Coverage)	<input type="checkbox"/> High Limits (30-Day Coverage)
Bodily Injury	\$/ Person \$/ Occurrence	\$/ Person \$/ Occurrence
Property Damage	/Occurrence	/Occurrence
Medical Payments	\$	
Uninsured/Underinsured Motorist	\$	\$
Comprehensive & Collision	\$ /Deductible	

DISCLOSURES

This policy provides coverage for the automobile dealer and purchaser meeting the coverage conditions of the policy. The dealer's contingent liability policy fulfills the requirements of the state financial responsibility or minimum liability insurance law for the vehicle purchaser until title is conveyed or coverage term expires, whichever comes first. This coverage is excess to valid insurance in force and in place on behalf of the additional insured.

DEALER WARRANTS AND AGREEMENTS AND FRAUD WARNINGS

Dealer states that dealer is a licensed dealer in good standing in the state(s) where dealer engages in such auto sales business and seeks to obtain above-named insurance coverage to be applied to private passenger automobiles and light trucks being sold by dealers to retail customers and scheduled for coverage. Dealer agrees to report to insurer in the manner prescribed by insurer on same date as vehicle is sold (which is same date and time coverage is to be applied) by dealer for each vehicle. Dealer also agrees to pay full per vehicle insurance premium (including any applicable taxes and administrative fees), regularly, and timely, bi-weekly, directly to the insurer's designated Administrator. Failure to report vehicles to be included in the insurance coverage and to pay the designated premiums, timely and appropriately, shall void any insurance coverage for those vehicles and subject insured dealer to immediate cancellation of this insurance coverage.

NOTICE TO ALASKA RESIDENT APPLICANTS: A person who knowingly and with the intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information is guilty of a felony.

NOTICE TO ARKANSAS RESIDENT APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance may be guilty of a crime and subject to fines and confinement in prison.

NOTICE TO ARIZONA RESIDENT APPLICANTS: For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

NOTICE TO COLORADO RESIDENT APPLICANTS: It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policy holder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

NOTICE TO DELAWARE RESIDENT APPLICANTS: Any person who knowingly, and with the intent to injure, defraud or deceive an insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

NOTICE TO DISTRICT OF COLUMBIA RESIDENT APPLICANTS: WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, any insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

NOTICE TO FLORIDA RESIDENT APPLICANTS: Any person who knowingly, and with the intent to injure, defraud or deceive any insurance company files a statement of claim containing any false, incomplete or misleading information is guilty of a felony of the third degree.

NOTICE TO HAWAII RESIDENT APPLICANTS: For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines, imprisonment or both.

NOTICE TO IDAHO RESIDENT APPLICANTS: Any person who knowingly, and with the intent to defraud or deceive any false, incomplete or misleading information is guilty of a felony.

NOTICE TO INDIANA RESIDENT APPLICANTS: A person who knowingly and with the intent to defraud an insurer files a statement of claims containing any false, incomplete or misleading information commits a felony.

NOTICE TO KENTUCKY RESIDENT APPLICANTS: Any person who knowingly and with the intent to defraud an insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

NOTICE TO LOUISIANA, MAINE AND TENNESSEE RESIDENT APPLICANTS: Any person who knowingly and with the intent to defraud any insurance company or another person, files a statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact, material thereto, commits a fraudulent insurance act, which is a crime, subject to criminal prosecution and civil penalties. Insurance benefits may also be denied.

NOTICE TO MINNESOTA RESIDENT APPLICANTS: A person who submits an application or files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

NOTICE TO NEBRASKA RESIDENT APPLICANTS: Any person who knowingly presents false information in an application for insurance or viatical settlement contract is guilty of a crime and may be subject to fines and confinement in prison.

NOTICE TO NEVADA RESIDENT APPLICANTS: Pursuant to NRS 686A.291, any person who knowingly and willfully files a statement that contains any false, incomplete or misleading information concerning a material fact is guilty of a felony.

NOTICE TO NEW HAMPSHIRE RESIDENT APPLICANTS: Any person who, with the purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

NOTICE TO NEW MEXICO RESIDENT APPLICANTS: Any person who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

NOTICE TO OHIO RESIDENT APPLICANTS: Any person who, with the intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

NOTICE TO OKLAHOMA RESIDENT APPLICANTS: WARNING: Any person who knowingly and with the intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of a life insurance policy containing any false, incomplete or misleading information is guilty of a felony.

NOTICE TO TEXAS RESIDENT APPLICANTS: Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

NOTICE TO VIRGINIA RESIDENT APPLICANTS: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

NOTICE TO WASHINGTON RESIDENT APPLICANTS: It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purposes of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

NOTICE TO WEST VIRGINIA RESIDENT APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

I understand that the coverage selection and limit choices indicated here or in any state supplement will apply unless I notify you otherwise in writing.

Signature of Applying Dealer & Name	Date	Agent Signature & Name	Date	Producer Code
Customer Name	Date	Print Customer Name		



Administered by:

KNIGHT MANAGEMENT
INSURANCE SERVICES, LLC
4751 WILSHIRE BLVD., STE. 111
LOS ANGELES, CA 90010
TOLL FREE: (888) 333-8198

NATIONAL SPECIALTY INSURANCE CO.
8200 ANDERSON BOULEVARD
FORTH WORTH, TX 76120

CONTINGENT LIABILITY & PHYSICAL DAMAGE POLICY DECLARATIONS

«Policy Number»

Certificate Number

Item 1. INSURED BORROWER AND CREDITOR ADDRESS

BORROWER Name, Address	INSURED CREDITOR Name, Address, and Phone Number

Item 2. COVERAGE PERIOD

From Effective Date	To Expiration Date	Term In Days	Loan Number

At 12:01 A.M. Standard Time at the address of the Insured Creditor stated herein.

Item 3. COVERAGE PROVIDED

The Insurance afforded hereunder is only with respect to such, and to as many coverages as are indicated below:

COVERAGE	Limit of Liability	Premium
BODILY INJURY		
PROPERTY DAMAGE	\$	\$
MEDICAL PAYMENTS	\$	\$
UNINSURED/UNDERINSURED MOTORIST		
COMPREHENSIVE & COLLISION	\$	\$
DEDUCTIBLE: \$ _____		Policy Fee \$
		Total \$

Item 4. VEHICLE DESCRIPTION

YEAR	MAKE AND MODEL NAME	IDENTIFICATION NUMBER	OTHER I.D.

Item 5. SCHEDULE OF COVERAGES AND APPLICABILITY TO QUALIFIED AUTOS:

This policy provides only those coverages listed under Item 3 for a period of not more than the days indicated on Item 2 per applicable private passenger vehicle as listed in Item 4. This policy provides coverage for the automobile dealer and purchaser meeting the coverage conditions of the policy. The dealer's contingent liability policy fulfills the requirements of the state financial responsibility or minimum liability insurance law for the vehicle purchaser until title is conveyed or coverage term expires, whichever comes first. This coverage is excess to valid insurance in force and in place on behalf of the additional insured.

Date Issued: _____

Authorized Representative: _____

For questions about this coverage, please
contact the Insured Creditor listed above or the
Program Administrator →

Program Administrator:
Knight Management Insurance Services, LLC
4751 Wilshire Blvd., Ste. 111, Los Angeles, CA 90010
Toll Free: (888) 333-8198

SUMMARY OF BENEFITS – THIS IS NOT A COMPLETE POLICY

**NATIONAL SPECIALTY INSURANCE GROUP
DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY
GENERAL PROVISIONS**

AGREEMENT

We will provide the insurance **you** have selected in return for the premium due **us** and in compliance with the policy provisions and endorsements. **Your** coverages appear on the attached Declarations page, which forms a part of this policy. The Declarations page indicates the policy period and the amount and kinds of insurance **you** have selected.

DEFINITIONS

Defined words or phrases used in this policy are printed in ***bold italic type***.

Accident - means a sudden event, including continuous or repeated exposure to the same conditions resulting in ***bodily injury*** or ***properly damage***, neither expected nor intended by **you** or any ***additional insured***, involving a ***covered automobile***.

Actual cash value - means the value of an ***automobile*** as listed by generally accepted retail-pricing guides. The Manufacturer's Suggested Retail Price or an independent appraiser will be used to determine the ***actual cash value*** for new vehicles that are not yet included in any retail-pricing guides.

Additional Insured - means the ***purchaser*** or any person using a ***covered automobile*** with the permission of **you** or the ***purchaser***.

Automobile - means a land motor vehicle, whether operable or inoperable, designed for use principally upon public highways as a four-wheel private passenger, station wagon, truck (Gross Vehicle Weight<10,000 lbs.), or sport utility vehicle.

Automobile business - means to be employed or otherwise engaged in the ***business*** of selling, repairing, servicing, delivering, testing, road testing, parking or storing ***automobiles***.

Bodily injury - means bodily harm, sickness or disease, including death there from.

Business - means commercial enterprise, trade, profession or occupation.

Collision - means the impact or upset of a ***covered automobile*** with another object, bird or animal.

Comprehensive - means ***loss*** to a ***covered automobile*** caused by other than ***collision*** and includes, but is not limited to, breakage of glass and ***loss*** caused by missiles, falling objects, fire, ***theft***, explosion, earthquake, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion.

Coverage Term - means the period of time, as shown on the Declarations page, for which the Policy provides coverage for a ***covered automobile***.

Covered automobile - means an ***automobile*** sold, leased, or in the process of being sold or leased by **you** to a ***purchaser*** and scheduled for coverage under this policy as required on the Declarations page.

Equipment - means those items permanently attached and installed by the original ***automobile*** factory manufacturer or dealer to a ***covered automobile***.

Family Member - means any person related to **you** or ***purchaser***, or ***your*** or ***purchaser's*** spouse, by birth, marriage or adoption and who is a ***resident*** of the same household in which **you** or the ***purchaser resides***.

Loss - means direct ***theft*** of or accidental damage to a ***covered automobile*** and its ***equipment***.

Property Damage - means physical injury to or destruction of tangible property, including its loss of use.

Purchaser - means the person taking possession of ***your automobile*** with the intent to purchase or lease as reported to **us** under the terms and conditions of the policy, who is at least the minimum age and listed on the Declarations.

Resident or reside - means actually living in the same household in which **you** live and having the apparent intention of continuing to live there.

KMI-NSIC-00-MDCL (2008-06)

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Theft - means **loss** caused by stealing or larceny.

Utility automobile - means an **automobile** with a rated load capacity of 2,000 pounds or less of the pickup, van or panel truck type.

Utility Trailer - means a vehicle designed to be pulled by a private passenger **automobile** or **utility automobile**.

We, us, our, or Company - means the insurance company listed on the Declarations.

You, your, or insured - means the insured named in the Declarations.

Definitions may differ in other parts of this policy. If so, they are defined separately in the part to which they apply.

WHERE YOUR POLICY APPLIES

This policy applies within the United States of America, its territories or possessions, or Canada, or while being transported between their ports.

WHAT YOU MUST PAY

You must pay the premium stated in the Premium Endorsement.

YOUR DUTIES

We have no obligation to provide coverage under this policy unless **you** have fully complied with the following duties:

1. In the event of an **accident** or **loss**, **you** must promptly notify and inform **us** of the time, the place and the circumstances, including the names, addresses, and phone numbers of any persons involved, any injured persons and any witnesses.
2. Cooperate with **us** in the investigation, settlement or defense of any claim or suit.
3. **You** and/or the **purchaser** shall not, except at **your** expense voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of injury, unless **we** agree to same in writing.
4. If any claim or suit is brought against **you** and/or the **purchaser**, any legal papers received by **you** and/or the **purchaser** relating to such claim or suit must be sent to **us** promptly.
5. Submit, as often as **we** reasonably require:
 - a. To physical exams by physicians **we** select. **We** will pay for these exams.
 - b. To examination under oath and subscribe the same.
6. Authorize **us** to obtain medical records and other pertinent records.
7. **You** or any **Additional Insured** seeking coverage under Part II of this policy, must also:
 - a. Take reasonable steps after **loss** to protect a **covered automobile** and its **equipment** from further **loss**. **We** will pay reasonable expenses incurred in providing that protection.
 - b. Promptly report the **theft** of a **covered automobile**.
 - c. Allow **us** to inspect and appraise any **covered automobile** and at **our** discretion obtain such estimates, as **we** deem necessary before the vehicle is repaired or disposed of.

CHANGES AND LIBERALIZATION

1. There shall be no change in this policy except by written endorsement or notice issued by **us**.
2. If **we** make a change, which broadens coverage under this edition of **your** policy without additional premium charge, that change will automatically apply to **your** policy as of the date **we** implement the change in **your** state. This Paragraph does not apply to changes implemented with a general program revision that is implemented through introduction of a subsequent edition of **your** policy or an amendatory endorsement.

TRANSFER OR ASSIGNMENT OF THIS POLICY

This policy or any interests in it may not be assigned without **our** written consent.

CANCELLATION

1. **You** may cancel this policy by returning it to **us** or **you** may cancel the policy by giving **us** advance written notice that **you** wish to cancel and advising **us** in writing, on what future date **you** wish to stop coverage.
2. When this policy has been in effect less than 20 days, **we** may cancel for any reason by mailing or giving notice of **our** cancellation of this policy to **you** at least 10 days before cancellation takes effect.
3. When this policy has been in effect 20 days or more, **we** may cancel only for one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. Discovery of fraud or material misrepresentation;
 - c. Willful or reckless acts or omissions that increase any exposure insured against;
 - d. Substantial change in the risk covered by the insurance;
 - e. A violation of any of the terms and conditions of the policy; or

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f. Continuation of the policy would place **us** in violation of the insurance laws of this state.

We will mail or deliver a written notice of cancellation to **you**, stating the reason, at least 10 days before cancellation takes effect for non-payment of premium, meaning the premium is not paid when due; or at least 30 days before cancellation takes effect for any other reasons.

4. If **we** cancel this policy, **our** mailing or giving notice to **your** last address shown in this policy will constitute proof of notice as of the date **we** mail it.

5. Upon cancellation, coverage shall continue for the time period specified in the Declarations for any **covered automobile**. All premiums paid for any **covered automobile** are considered fully earned and, upon cancellation, there shall be no reimbursement.

6. If **you** are entitled to a premium refund, **we** will send **you** the refund. If **we** cancel, the premium refund, if any, will be computed pro rata. If **you** cancel, the refund may be less than pro rata. The cancellation will be effective even if **we** have not made or offered a refund.

NONRENEWAL

1. If **we** decide not to continue this policy, **we** will mail or deliver to **you** written notice, stating the reason, at least 30 days before the anniversary date. Any notice of nonrenewal, will be mailed or delivered to **you** at the last mailing address known to **us**. If notice is mailed, it will be considered to have been given to **you** on the day it is mailed. Proof of mailing will be sufficient proof of notice.

2. If **we** fail to mail or deliver proper notice of nonrenewal and **you** obtain other insurance this policy will end on the effective date of that insurance.

3. If **we** offer to continue and **you** do not accept, this policy will terminate at the end of the time period specified in the Declarations for any **covered automobile**. Failure to pay the required continuation premium when due will mean that **you** have not accepted **our** offer.

PART I - LIABILITY

COVERAGE A - BODILY INJURY

COVERAGE B - PROPERTY DAMAGE

OUR PROMISE TO YOU - PART I

We will pay applicable sums which **you** or the **purchaser** are legally obligated to pay because of **bodily injury** and/or **property damage** caused by an **accident** involving a **covered automobile**.

Through attorneys selected by **us**, **we** will settle or defend, as **we** consider appropriate, any claim or suit asking for damages for **bodily injury** or **property damage** if covered by **your** policy. In addition to **our** limit of liability, **we** will pay all defense costs **we** incur. **We** are not obligated to pay any claim or defend any suit after **our** limit of liability has been exhausted by the payment of judgments or settlements.

We have no duty to defend any suit or settle any claim for **bodily injury** or **property damage** not covered under this policy.

ADDITIONAL PAYMENTS - PART I

In addition to the limits of liability, **we** will pay:

1. Interest on damages awarded in any suit defended by **us** and covered under this part after judgment has been entered. **Our** duty to pay interest ends when **we** offer to pay or deposit in court that portion of a judgment, which is not more than **our** limit of liability.

2. Other reasonable expenses that **you** incur at **our** request.

WHAT IS NOT COVERED - EXCLUSIONS - PART I

Under Part I, this policy does not apply to an **accident** involving:

1. Any **automobile** other than those reported to **us** as required in the Declarations.

2. Any **automobile** while used to carry persons or property for a charge.

3. Any liability assumed under a contract or agreement by **you** or any **additional insured**.

4. Liability for **bodily injury** or **property damage** caused intentionally by or at the direction of you, any **additional insured**, or **your** employees.

5. Liability for **bodily injury** or **property damage** arising out of the loading or unloading of any **automobile** insured under this part.

6. Liability for **bodily injury** or **property damage** if insurance is or can be afforded under a nuclear energy liability policy; this applies even if the limits of that insurance are exhausted.

7. Liability for **bodily injury** to:

a. The **purchaser** acquiring a **covered automobile**;

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- b. A **family member** of the **purchaser**; or
 - c. Any person or organization who is legally responsible for the **use** of a **covered automobile** by a. or b. above.
8. Liability for **property damage** to:
- a. Property owned or being transported by **you** or any **additional insured**; or
 - b. Property in the care of **you** or any **additional insured**.
9. Liability for **bodily injury** to any employee of **you** or the **purchaser** who is injured in the course of employment if the injury arises out of the **use** of an **automobile** in the **business** of the employer of **you** or the **purchaser**.
10. Any obligation for which **you** and/or the **purchaser** may be held liable under any workers' compensation law, unemployment compensation or disability benefits law or similar law.
11. Liability due to mechanical defects of the **covered automobile**.
12. Any **automobile** while used in any race, contest or exhibition, or preparation therefore, or in any illegal activity.
13. Any **automobile** while used without the permission of either **you** or the **purchaser**.

LIMITS OF LIABILITY - PART I

- 1. The Limit of Liability shown in the Declarations for the scheduled coverage option for each person for **bodily injury** liability is **our** maximum limit of liability for all damages, including damages for care, loss of services or death arising out of **bodily injury** sustained by anyone person in anyone auto accident.
- 2. Subject to the **bodily injury** liability limit for each person, the limit of liability shown in the Declarations for the scheduled coverage option for each **accident** for **bodily injury** liability is **our** maximum limit of liability for all damages for **bodily injury** resulting from anyone auto accident.
- 3. The limit of liability shown in the Declarations for the scheduled coverage option for each **accident** for **property damage** liability is the maximum **we** will pay for all damages to all property in anyone **accident** regardless of the number of insureds, claims made or vehicles involved,

If a **loss** involves two or more **covered automobiles**, the limit of liability shall apply separately to each **automobile**, and an attached **utility trailer** shall be held to be one **automobile** with respect to limits of liability under this part.

OUT OF STATE COVERAGE

If an auto accident to which this policy applies occurs in any state or province other than the one in which **your covered automobile** is principally garaged, **we** will interpret **your** policy for that accident as follows:

- 1. If the state or province has:
 - a. A financial responsibility or similar law specifying limits of liability for **bodily injury** or **property damage** higher than the limit shown in the Declarations, **your** policy will provide the higher specified limit.
 - b. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses a vehicle in that state or province, **your** policy will provide at least the required minimum amounts and types of coverage.
- 2. No one will be entitled to duplicate payments for the same elements of loss.

PART II- DAMAGE TO A COVERED AUTOMOBILE

COVERAGE C - COMPREHENSIVE

COVERAGE D - COLLISION

OUR PROMISE TO YOU - PART II

We will pay **you** or the **purchaser** for **your** or the **purchaser's loss** to a **covered automobile** and its **equipment** under this part for the coverage specified in the Declarations.

AUTOMOBILES INSURED - PART II

Covered automobile, as defined in the General Provisions, Definitions.

WHAT IS NOT COVERED - EXCLUSIONS - PART II

Under Part II, this policy does not apply to **loss**:

- 1. To any **automobile** other than as reported to **us** as required in the Declarations.
- 2. To a temporary substitute **automobile**.
- 3. To a **utility trailer** or its contents.
- 4. To any **automobile**, which is used to carry persons or property for a charge, but this exclusion does not apply to a share-the-expense car pool.
- 5. To any **automobile** caused intentionally by or at the direction of **you** or any **additional insured**.
- 6. To any **automobile** while used in any race, contest or exhibition, or preparation thereof, or in any illegal activity.

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7. Due and confined to wear and tear, deterioration or depreciation, freezing, mechanical or electrical breakdown or failure, unless such damage results from a **theft** covered under this part.
8. Resulting from a lack of lubricant, coolant, or **loss** resulting from seepage of water.
9. To tires, unless caused by fire, malicious mischief, vandalism, **theft** or unless the damage occurs at the same time and from the same cause as other damage covered under this part.
10. Due to confiscation by a duly constituted governmental or civil authority.
11. Due to radioactive contamination.
12. Due to war, civil war, insurrection, rebellion, revolution, nuclear reaction or any consequence of any of these.
13. To tapes, records or similar items used with electronic sound reproducing or trans-receiving equipment.
14. To clothes, wearing apparel or any other type of personal effects.
15. To any special or custom options or accessories if such items were installed by someone other than the original **automobile** factory manufacturer or dealer. Such special or custom options or accessories include but are not limited to the following:
 - a. Two-way radios, CB radios, Scanning Monitor Receivers, Radar Detectors, telephone or other communications equipment, or their accessories or antenna;
 - b. Stereo radios, stereo tape decks, television equipment and accessories used for the reproduction of sound; (Exclusion does not apply if equipment is installed at time of purchase.)
 - c. Custom furniture, including chairs, seats, tables, beds and cabinets;
 - d. Appliances, including refrigerators, stoves, heaters and air conditioners or sanitation devices or systems;
 - e. Racing tires or tires wider than those installed as standard factory equipment;
 - f. Paint, mural paintings, graphics, windows, decals, lettering, pin striping, portholes, moon roofs, scoops, spoilers, side-pipes, carpeting, upholstery and drapes;
 - g. Special gauges or add on instruments;
 - h. Chrome, alloy, mag type wheels or any other custom wheel covering or hubcaps;
 - i. Interior and Exterior, including engine.
16. Resulting from either **you**, a **family member** or **your** employee or agent voluntarily parting with the title and possession of a **covered automobile** as induced to do so by any fraudulent scheme, trick, device, false pretense, or from embezzlement, conversion, secretion, **theft**, robbery or pilferage committed by any person, entrusted by **you** or the **purchaser** with either custody or possession of a **covered automobile**;
17. To storage costs charged by **you**.

LIMITS OF LIABILITY - PART II

1. **Our** limit of liability for any **loss** under this Part will be the lesser of:
 - a. The **actual cash value** of the stolen or damaged **covered automobile** at the time of **loss** minus the deductible;
 - b. The purchase price of the **covered automobile**; or
 - c. The amount necessary to repair or replace the **covered automobile** and/or its **equipment** with other of like kind and quality with deductions for depreciation and the deductible.
2. **Our** total limit under any of the above three options is limited to the maximum insurable value shown in the policy Declarations for anyone **covered automobile** and its **equipment**.
3. **Our** total liability for storage charges incurred prior to the date the **loss** is reported to **us** shall not exceed three days storage charges or \$21 whichever is less.
4. If any parts for any **automobile** insured under this Part are not obtainable from purchasable stock located in the United States of America, **our** liability for such parts shall not exceed the list price if such parts were available in the United States of America.
5. The inability to obtain parts shall not constitute or be a basis of a total **loss**.
6. If a **loss** involves two or more **automobiles** insured by **us**, the applicable deductible and limits of liability shall apply separately to each **automobile**.

PAYMENT OF LOSS - PART II

At **our** option **we** may:

1. Pay for a **loss** in money taking into consideration depreciation; or
2. Repair or replace any damaged or stolen property;
3. Before settlement return stolen property to **you** or to the address shown in this policy, having repaired or paid the cost of repair of any damage covered; or
4. Take title and possession of all or part of the property at the agreed value, but there shall be no abandonment to **us**; or
5. Settle a claim or **loss** either with **you** or the owner of the property.

In the event the **covered automobile** is stolen, **we** will settle a claim only after 21 days has expired from the day that claim was submitted or police report filed, whichever is later.

NO BENEFIT TO BAILEE

This insurance shall not directly or indirectly benefit any carrier or other bailee for hire.

RIGHT TO APPRAISAL

If **you** and **we** fail to agree on the amount of any **loss** either **you** or **we** may make a written demand for an appraisal of the **loss**. Each party will select a competent and disinterested Appraiser and notify the other of the Appraiser's identity within 20 days after the demand is received. The Appraisers will select a competent and impartial Umpire. If the Appraisers are unable to agree upon an Umpire within 15 days, **you** or **we** can ask a Judge of a Court of Record to mandate where the **covered automobile** is located to select an Umpire.

The Appraisers shall then determine the amount of **loss** stating separately the **actual cash value** and the amount of **loss** to each item. If the Appraisers submit a written report of an agreement to **us** the amount agreed upon shall be the amount of **loss**. If they cannot agree they will submit their differences to the Umpire. An award in writing by the two Appraisers will determine the **loss** amount **we** will pay. Each party will pay the Appraiser it chooses and equally pay the expenses of the Umpire.

CONDITIONS PARTS I & II

ARBITRATION

If **we** and **you** or any **additional insured** do not agree:

1. Whether that person is legally entitled to recover damages under this part; or
2. As to the amount of damages;

Either party may make a written demand for arbitration. In this event each party will select an Arbitrator. The two Arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the third Arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the county in which **you** or the **additional insured** lives. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the Arbitrators will be binding as to:

1. Whether **you** or the **additional insured** are legally entitled to recover damages; and
2. The amount of those damages and **we** will pay that amount up to, but not exceeding the Limits of Liability as specified on the Declarations Page.

BANKRUPTCY

Bankruptcy or insolvency of **you** or any **additional insured** does not relieve **us** of any obligation under this policy.

CONTINUATION OF COVERAGE

Coverage for each **covered automobile** may be continued for one additional period as the period is defined under the Schedule of Coverages in the Declarations Page. Requests for continuation of coverage must be received and accepted by the insurer's administrator prior to the expiration of the first scheduled period. **We** will not accept requests for continuation of coverage for **covered automobiles** with a **coverage term** of 30 days or more.

FRAUD OR MATERIAL MISREPRESENTATION OR OMISSION

We do not provide coverage for **you** or any **additional insured** who has made fraudulent statements or engaged in fraudulent conduct in connection with any **accident** or **loss** for which coverage is sought under this policy.

OTHER INSURANCE

If there is other **automobile** liability and/or physical damage insurance, other than a Garage Policy issued to **you**, for a **loss** or **accident** covered by this policy, **our** coverage shall be excess of such other insurance. If the **purchaser** or driver of the **covered automobile** is listed as either the named insured or additional driver on a Personal Automobile Policy, **our** Policy shall be excess of such other insurance for any covered **loss**. If **you** choose to make a claim for an **accident** or **loss** under **your** Garage Policy, **our** coverage shall be excess of such insurance also, unless the Garage claim is made after **our** limits have been exhausted.

NOTICE OF LEGAL ACTION

If, before **we** make payment of **loss** under this Policy, **you** or any **additional insured** shall institute any legal action for **bodily injury** against any person or organization legally responsible thereof, a copy of the Summons and Complaint or other process served in connection with such legal action shall be forwarded immediately to **us** by **you** or an **additional insured** or the legal representative of **you** or an **additional insured**.

SUBROGATION

If **we** become liable for any payment under this policy with respect to a **loss**, **we** shall be subrogated, to the extent of such payment, to all the rights and remedies of **you** or any **additional insured** against any party with respect to such **loss**. **We** shall be entitled at **our** own expense to sue in **your** name or the name of the **additional insured**. **You** or the **additional insured** shall do whatever is necessary to enable **us** to exercise **our** rights; and at **our** request shall execute all documents necessary to enable **us** effectively to bring suit in **your** name or the name of the **additional insured**, including the execution and delivery of the customary form of loan receipt.

SUITS AGAINST US

Suit may not be brought against **us** by **you** or an **additional insured** unless there has been full compliance with all the terms of this policy. In addition, under Part I, no suit may be brought against **us** until **we** agree in writing that **you** or an **additional insured** has an obligation to pay; or the amount of that obligation has been finally determined by judgment after trial.

No person or organization has any right under this policy to make **us** a party to a lawsuit to determine the liability of **you** or any **additional insured**.

POLICY PERIOD

This policy is issued with no fixed expiration date. The Policy Period is one (1) year from the effective date shown in the Declarations. It shall be continued automatically for successive policy periods of one (1) year commencing with the annual anniversary date, unless cancelled or non-renewed, subject to the policy terms and conditions.

IN WITNESS WHEREOF, the **Company** has caused this Policy to be executed by its President and Secretary, respectively.

President

Secretary

ARKANSAS AUTO MEDICAL PAYMENTS COVERAGE

This endorsement modifies insurance provided under the following:

DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY

In return for the premium due **us** and in compliance with the policy provisions and endorsements, **your** policy is amended as follows:

- I. The Declarations page is amended to include the following after the Item 5. thereof:

Item 7. AUTO MEDICAL PAYMENTS COVERAGE

AUTO MEDICAL PAYMENTS	\$	\$
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- A. The definition of ***additional insured*** is deleted in its entirety and replaced with the following:

Additional Insured- means

1. the **insured** and any **family members** while **occupying** or, while a pedestrian, when struck by a **covered automobile**;
2. if **you** are an individual, the **purchaser** and any **family members** while **occupying** or, while a pedestrian, when struck by a **covered automobile**; and
3. anyone else **occupying a covered automobile** or a temporary substitute for a **covered automobile**. The **covered automobile** must be out of service because of its breakdown, repair, servicing, loss or destruction.

- B. The definition of ***family member*** is deleted in its entirety and replaced with the following:

Family member means a person related to an **insured** or **purchaser** by blood, marriage or adoption who is a resident of such **insured** or **purchaser's** household, including a ward or foster child.

- C. The following is included at the end thereof:

Occupying means in, upon, getting in, on, out or off.

- II. The following is added thereto:

PART IV – MEDICAL PAYMENTS

COVERAGE F

OUR PROMISE TO YOU – PART IV

We will pay reasonable expenses incurred for necessary medical and funeral services to or for an **insured** or **purchaser** who sustains **bodily injury** caused by an **accident**. **We** will pay only those expenses incurred, for services rendered within three years from the date of the **accident**.

WHAT IS NOT COVERED – EXCLUSIONS - PART IV

Under Part IV, **we** will not pay **Medical Payments** for:

1. **Bodily injury** sustained by an **insured** while occupying a vehicle located for use as a premises.
2. **Bodily injury** sustained by **you** or any **family member** while occupying or struck by any vehicle (other than a **covered automobile**) owned by **you** or furnished or available for **your** regular use.
3. **Bodily injury** sustained by any **family member** while occupying or struck by any vehicle (other than a **covered automobile**) owned by or furnished or available for the regular use of any **family member**.
4. **Bodily injury** to **your** employee arising out of and in the course of employment by **you**. However, **we** will cover **bodily injury** to **your** domestic employees if not entitled to workers' compensation benefits. For the purposes of this endorsement, a domestic employee is a person engaged in household or domestic work performed principally in connection with a residence premises.

5. **Bodily injury** to an **insured** while working in a business of selling, servicing, repairing or parking autos unless that business is **yours**.
6. **Bodily injury** arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
7. **Bodily injury** to anyone using a vehicle without a reasonable belief that the person is entitled to do so.
8. **Bodily Injury** sustained by an **insured** while occupying any **covered automobile** while used in any professional racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply to any **bodily injury** sustained by an **insured** while the **automobile** is being prepared for such a contest or activity.

LIMIT OF LIABILITY – PART IV

Regardless of the number of **covered automobile, insureds**, premiums paid, claims made or vehicles involved in the **accident**, the most **we** will pay for **bodily injury** for each **insured** injured in any one **accident** is the Limit Of Insurance for Auto Medical Payments Coverage shown in the Declarations. No one will be entitled to receive duplicate payments for the same elements of **loss** under this coverage and any Liability Policy, Uninsured Motorists Coverage Endorsement attached to this endorsement.

- III. Solely with respect to the coverage provided by this endorsement, the clause entitled **OTHER INSURANCE** applies only to other collectible automobile medical payments insurance.
- IV. Solely with respect to the coverage provided by this endorsement, the clause entitled **SUBROGATION** does not apply.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

ARKANSAS PERSONAL INJURY PROTECTION ENDORSEMENT

I. The Declarations page is amended to include the following after the Item 5. thereof:

Item 6. **PERSONAL INJURY PROTECTION**

Named Insured:	
Endorsement Effective Date:	
Countersignature Of Authorized Representative	
Name:	
Title:	
Signature:	
Date:	

SCHEDULE

Personal Injury Limit Of Insurance	Premium
	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

II. Solely with respect to the coverage provided by this endorsement, the clause entitled **DEFINITIONS** is amended as follows:

A. The definition of **additional insured** is deleted in its entirety and replaced with the following:

Additional Insured - means the **purchaser** or any person using a **covered automobile** with the permission of **you** or the **purchaser**. If **you** are an individual, any **family member**; and any other person while:

1. **Occupying** the **covered automobile** as a guest or passenger;
2. Using the **covered automobile** with **your** consent; or
3. A **pedestrian** through being struck by the **covered automobile**
4. Any other person while **occupying** an **automobile** other than the **covered automobile**. The **bodily injury** must be caused by:
 - a. **Your** use of the **automobile**, or
 - b. That of a private chauffeur or domestic servant on **your** behalf, or
 - c. A **family member** provided the **automobile** is a private passenger **automobile** or trailer.

B. The following are **insureds** for Work Loss and Accidental Death Benefits:

1. **You**.
2. If **you** are an individual, any **family member**.
3. Any person while **occupying** or as a **pedestrian** through being struck by the **covered automobile**.

C. The following is included at the end thereof:

1. The definition of **automobile** includes:

a. An **automobile** not owned by **you** that is used as a temporary substitute for a **covered automobile** due to the **covered automobile** breakdown, repair, servicing, loss or destruction.

b. A trailer of a type used with a **private passenger automobile** if it is not being used for business purposes with another type vehicle. However, **automobile** does not include:

1. A farm type tractor or other equipment designed for use principally off public roads, while not upon public roads.
2. A vehicle operated upon rails or crawler-treads, or
3. A vehicle located for use as a residence or premises.

2. As used in this endorsement:

a. **Medical Expense** means all reasonable and necessary expenses incurred within two years from the date of **accident** for medical, hospital, x-ray, professional nursing, dental, surgical, ambulance, prosthetic and funeral expenses and for any non-medical remedial care and treatment rendered in accordance with the recognized religious method of healing, however, it does not include expenses in excess of those for a semi-private room, unless more intensive care is medically required.

b. **Pedestrian** means any person who is not **occupying** any vehicle other than a motorcycle or a vehicle operated by human or animal power.

c. **Private passenger automobile** means an **automobile** which is a private passenger, station wagon or jeep type automobile.

d. **Family member** means a person related to **you** by blood, marriage or adoption who is a resident of **your** household, including a ward or foster child.

e. **Work Loss** means:

1. With respect to an income earner, loss of income from work the **insured** would have earned had he or she not sustained **bodily injury**, or
2. With respect to a non-income earner, expenses reasonably incurred in obtaining ordinary and necessary services in lieu of those the **insured** would have performed, not for income but for his or her benefit or the benefit of his or her family had the **bodily injury** not been sustained.

III. Solely with respect to the coverage provided by this endorsement, the clause entitled **YOUR DUTIES** is deleted in its entirety and replaced with the following:

a. If an **insured** or his or her legal representative institutes legal action for damages for **bodily injury**, he or she must promptly give **us** a copy of the summons and complaint or other process served in connection with the legal action.

b. The **insured** or someone on his or her behalf must promptly give **us**:

1. Written proof of claim, under oath if required;
2. Full particulars of the nature and extent of the **bodily injury**, treatment and rehabilitation received and contemplated; and
3. Such other information that will help **us** determine the amount due and payable.

IV. The following is added thereto:

PART III – PERSONAL INJURY PROTECTION

COVERAGE E

OUR PROMISE TO YOU – PART III

We will pay **Personal Injury Protection** benefits for **loss** and expense incurred because of **bodily injury** sustained by an **insured** and caused by an **accident** involving a **covered automobile** as follows:

1. **Medical expense benefits** to or for an **insured** who sustains **bodily injury** in an **accident** arising out of the maintenance or use of an **automobile** as an **automobile**.
2. **Work loss benefits** to or for an **insured** who sustains **bodily injury** in an **accident** arising out of the maintenance or use of an **automobile** as an **automobile**.
3. The amount stated in the schedule for the death of an **insured** resulting directly and independently of all other causes from **bodily injury** caused by **accident** and arising out of the maintenance or use of an **automobile** as an **automobile**, if the death occurs within one year from the date of the **accident**.

WHAT IS NOT COVERED – EXCLUSIONS - PART III

Under Part III, **we** will not pay Personal Injury Protection benefits for **bodily injury**:

1. Sustained by any person to the extent that benefits therefore are in whole or in part paid or payable, under any workers' compensation law, employer's disability law or any similar law.
2. Sustained by **you** while **occupying** any **automobile** that is owned by **you** or is furnished or available for **your** regular use which is not a **covered automobile**.
3. Sustained by any **family member** while **occupying** any **automobile** owned by or regularly made available to either **you** or such **family member** which is not a **covered automobile**.
4. Sustained by any person other than **you** or a **family member** while **occupying** any **automobile** owned by or regularly made available to either **you** or any **family member** which is not a **covered automobile**.
5. Sustained by any person while **occupying** the **covered automobile** while used as a public or livery conveyance unless the use is stated in the declarations.
6. Sustained by any person other than **you** or a **family member** while **occupying** any **automobile** other than a **covered automobile** while used as a public or livery conveyance.
7. Sustained by any person, other than **you** or any **family member**:
 - a. While **occupying** any **automobile** other than the **covered automobile** arising out of conduct occurring within the course of a business of selling, repairing, servicing, storing or parking motor vehicles, or
 - b. Arising out of the maintenance or use of any **automobile** other than the **covered automobile** or a motorcycle by such person conducting any other business or occupation unless the **bodily injury** is the result of the use or occupancy of a private passenger **automobile** by **you** or **your** private chauffeur or domestic servant, or of a trailer used with the private passenger **automobile** or **covered automobile**.
8. Sustained by any person while either operating the **covered automobile** without **your** consent or while not in lawful possession of the **covered automobile**.
9. Sustained by any person while **occupying** any **automobile** other than the **covered automobile** unless the person has the expressed or implied consent of the owner to use the **automobile**.
10. Arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
11. Resulting from the radioactive, toxic, explosive or other hazardous properties of nuclear material.

We will not pay **work loss** or **accidental death benefits** for **bodily injury** or death:

- a. Sustained by any person to the extent that benefits therefore are in whole or in part paid or payable under any workers' compensation law, employers' disability law or similar law. However, this exclusion does not apply to Accidental Death Benefits.
- b. Sustained by **you** while **occupying** any private passenger **automobile** **you** own or is furnished or is available for **your** regular use, which is not a **covered automobile**.
- c. Sustained by a **family member** while **occupying** any private passenger **automobile**, owned or furnished or available for **your** regular use or that of a **family member**, which is not a **covered automobile**.
- d. Sustained by any **family member**, if the **family member** is entitled, as a **named insured** under any other motor vehicle insurance policy to similar benefits equal to or greater than that prescribed by Ark. Stat. Ann. Sections 23-89-201 23-89-208.
- e. Sustained by any person other than **you** or a **family member** if the person is entitled, as a **named insured** or **family member** under any other motor vehicle insurance policy to similar benefits equal to or greater than that prescribed by Ark. Stat. Ann. Sections 23-89-201 23-89-208.
- f. Sustained by any person while either operating the **covered automobile** without **your** consent or while not in lawful possession of the **covered automobile**.
- g. Arising directly or indirectly, out of:
 1. War, including undeclared or civil war;
 2. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 3. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- h. Resulting from the radioactive, toxic, explosive or other hazardous properties of nuclear material.

LIMITS OF LIABILITY - PART III

1. Regardless of the number of **insureds**, policies or bonds applicable, claims made, premiums paid or **covered automobiles** to which this coverage applies, the most **we** will pay for medical expenses to each person for all expenses incurred by or on behalf of each person who sustains **bodily injury** as a result of any one motor vehicle **accident** is the Limit of Insurance shown in the Schedule. However, with respect to **bodily injury** sustained by a pedestrian other than **you** or a **family member** through being struck by the **covered automobile**, the Limit of Insurance shall be the amount shown in the Schedule or \$5,000, whichever is less.

2. Work Loss

Regardless of the number of **insureds**, policies or bonds applicable, claims made, premiums paid or **covered automobile** to which this coverage applies, the most **we** will pay for work loss is:

- a. With respect to an income earner, 70% of loss of gross income per week not to exceed \$140.00 per week;
- b. With respect to a non-income earner, a sum not to exceed \$70 per week or pro rata for a lesser period.

- VI. Solely with respect to the coverage provided by this endorsement, the statement contained on page six of this policy that states "**CONDITIONS PARTS I & II**" is deleted in its entirety and replaced with the following:

CONDITIONS PARTS I, II & III

- VII. Solely with respect to the coverage provided by this endorsement, the Section of the policy entitled **CONDITIONS PARTS I, II & III** is amended as follows:

SUBROGATION

- A. Solely with respect to the **Medical Expense** and **Work Loss** coverage provided by this endorsement, **SUBROGATION** is deleted in its entirety and replaced with the following:

If any person or organization to or for whom **we** make payment under the Policy has rights to recover damages from another, those rights are transferred to **us**. That person or organization must do everything necessary to secure **our** rights and must do nothing after **accident** or **loss** to impair them.

- B. Solely with respect to the **Medical Expense** coverage provided by this endorsement, **OTHER INSURANCE** is deleted in its entirety and replaced with the following:

1. With respect to **bodily injury** sustained by a **family member** if such **family member** is entitled to coverage for medical expenses or any similar coverage as a **named insured** under the terms of any other motor vehicle insurance policy providing direct benefits without regard to fault, this insurance shall apply only as excess insurance over any other collectible insurance available to the **family member** under another policy.

2. With respect to **bodily injury** sustained by any person other than the **named insured** or a **family member**, if such person is entitled to coverage for medical expenses or any similar coverage as a **named insured** or **family member** under the terms of any other motor vehicle insurance policy providing direct benefits without regard to fault, this insurance shall apply only as excess insurance over any other collectible insurance available to such person under another policy.

3. Except as provided in this section, if the **insured** is entitled to coverage for medical expenses under the terms of this or any other motor vehicle insurance policy against a **loss** covered under Medical Expenses, **we** shall not be liable under this Policy for a greater proportion of such **loss** than the applicable Limit of Insurance that **our** Policy bears to the total applicable Limit of Insurance of all such motor vehicle insurance. No **insured** may recover duplicate medical expense benefits for the same elements of loss.

- C. Solely with respect to the **Work Loss** and the **Accidental Death Benefit** coverage provided by this endorsement, **OTHER INSURANCE** is deleted in its entirety and replaced with the following:

1. With respect to **bodily injury** sustained by any person other than the **named insured** or **family member**, the coverage for Work Loss and the Accidental Death Benefit shall apply only as excess insurance over any other collectible insurance available to such person under another policy.

2. **We** shall be liable under this Policy only in the amount that this Policy's limit of insurance exceeds the applicable limit of insurance of such other insurance. If an **insured** who is a **named insured** or **family member** has other collectible insurance available under any other motor vehicle insurance policy, the maximum recovery under all policies will not exceed the amount payable under the policy with the highest dollar limit of benefits.

3. **We** shall not be liable for a greater proportion of any **loss** than the Limit of Insurance that **our** Policy bears to the sum of the applicable Limits of Insurance of this insurance and such other insurance.

- D. To include the following additional clauses at the end thereof:

Payment of Benefits for Medical Expenses and Work Loss

We may pay the **insured** or any person or organization rendering the services and such payment shall reduce the amount payable under this Policy for such injury.

Reimbursement and Trust for Medical Expenses and Work Loss

If **we** make any payment to or on behalf of any **insured** under this coverage and the **insured** recovers any sums from another party, the **insured** shall hold the proceeds in trust for **us** and pay **us** back the amount **we** have paid. **We** will have a lien against such payment, and may give notice of the lien to the person or organization causing **bodily injury**, his or her agent or insurer or a court having jurisdiction in the matter. **We** will be entitled to a recovery only after the person has been fully compensated for damages by another party.

COORDINATION AND NON-DUPLICATION

1. Medical expense benefits that are paid or payable under this or any other Policy because of **bodily injury** to an **insured** shall not be duplicated under Uninsured Motorists Coverage.

2. Any **automobile** medical payments or automobile medical expense insurance provided under the Policy with respect to an insured **automobile** which is registered or principally garaged in Arkansas is replaced by the coverage provided under the Medical Expense part of this Policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

ARKANSAS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY

The provisions of the policy apply unless modified by this endorsement.

The policy is changed as follows:

- A. **RIGHT TO APPRAISAL** of **PART II – DAMAGE TO A COVERED AUTOMOBILE** is deleted in its entirety and replaced by the following:

RIGHT TO APPRAISAL

1. If **you**, or the **additional insured**, and **we** disagree on the amount of **loss**, either may request an appraisal of the **loss**. In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the **actual cash value** and amount of **loss**. If they fail to agree, they will submit their differences to the umpire. Each party will:
 - a. Pay its chosen appraiser; and
 - b. Bear the other expenses of the appraisal and umpire equally.
2. However, this procedure is voluntary and non-binding and will not replace **your** or any **additional insured's** right to a jury trial on any question of fact arising under the policy.

- B. **ARBITRATION** of **CONDITIONS PARTS I & II** is deleted in its entirety.

- C. Paragraphs **2.** and **3.** of **CANCELLATION** are replaced by the following which apply unless Paragraph D. of the endorsement applies:

2. **We** may cancel this policy by mailing or delivering to the **insured** or **additional insured** written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation if:
 - a. the policy has been in effect 60 days or less; or
 - b. the premium has not been paid.
3. **We** may cancel this policy by mailing or delivering to the **insured** or **additional insured** written notice of cancellation, stating the reason for cancellation, at least 20 days before the effective date of cancellation after the policy has been in effect for more than 60 days.

The permissible reasons for cancellation after the policy has been in effect for more than 60 days are as follows:

- (a) Nonpayment of premium;
- (b) Fraud or material misrepresentation made by **you** or the **additional insured** or with **your** or the **additional insured's** knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (c) The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;
- (d) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the policy; or
- (e) A material violation of a material provision of the policy.

D. Paragraph 1. of **NONRENEWAL** is replaced by the following:

1. If **we** decide not to renew this policy, **we** may do so by mailing to the **insured** or **additional insured**, at the last mailing address known to **us** written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before:
 - a. Its expiration date; or
 - b. Its anniversary date, if it is a policy written for a **coverage term** of more than one year and with no fixed expiration date. However, **we** are not required to send this notice if nonrenewal is due to the **insured** or **additional insured** failure to pay any premium required for renewal.

We will mail **our** notice to the **insured** or **additional insured** mailing address last known to **us**. If notice is mailed, proof of mailing will be sufficient proof of notice.

E. The following is added to **CONDITIONS PARTS I & II**:

NOTICE TO POLICYHOLDERS:

The Policyholder Service Office of National Specialty Insurance Company is:

Knight Management Insurance Services, LLC
4751 Wilshire Blvd. #111
Los Angeles, CA 90010
(888) 333-8198

If **we** at National Specialty Insurance Company fail to provide **you** or the **additional insured** with reasonable and adequate service, **you** or the **additional insured** should feel free to contact:

Arkansas Insurance Department
Consumer Services Division
1200 W. 3rd St.
Little Rock, AR 72201-1904
Telephone 800-852-5494 or 501-371-2640

All other terms and conditions remain unchanged.

ARKANSAS UNINSURED MOTORISTS COVERAGE

This endorsement modifies insurance provided under the following:

DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY

In return for the premium due **us** and in compliance with the policy provisions and endorsements, **your** policy is amended as follows:

- I. Item 3. of the Declarations page is amended to include the following after the Comprehensive & Collision coverage section:

UNINSURED MOTORISTS COVERAGE	\$	\$
---------------------------------	----	----
- II. Solely with respect to the coverage provided by this endorsement, the clause entitled **DEFINITIONS** is amended as follows:
 - A. The following is included at the end thereof:
 1. **Property damage** means injury to or destruction of a **covered automobile** including its loss of use.
 2. **Uninsured motor vehicle** means a land motor vehicle or trailer:
 - a. For which no liability bond or policy at the time of an **accident** provides at least the amount required for **property damage** liability by the Arkansas Financial Responsibility Law; or
 - b. For which an insuring or bonding company denies coverage or is or becomes insolvent.
 - c. Which is a hit-and-run vehicle and neither the driver nor owner can be identified. However, uninsured motor vehicle does not include any vehicle:
 1. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and can not provide the amounts required by that motor vehicle law.
 2. Owned by a governmental unit or agency.
 3. Designed for use mainly off public roads while not on public roads.
 - III. The clause entitled **YOUR DUTIES** is deleted in its entirety and replaced with the following:

YOUR DUTIES is changed by adding the following:

 - a. Promptly send **us** copies of the legal papers if a suit is brought.
 - b. Provide **us** with the name and address of the owner or driver of the **uninsured motor vehicle**.
 - IV. The following is added thereto:

PART IV – UNINSURED MOTORIST PROTECTION

COVERAGE E

OUR PROMISE TO YOU – PART IV

We will pay all sums the **Named insured** or **Purchaser** is legally entitled to recover as damages from the owner or operator of an uninsured motor vehicle. The damages must result from **property**

damage caused by an **accident** arising out of actual physical contact with a **covered automobile**. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the **uninsured motor vehicle**.

Any judgment for damages arising out of a suit brought without **our** written consent is not binding on **us**.

WHAT IS NOT COVERED – EXCLUSIONS - PART IV

Under Part IV, **we** will not pay:

1. Any claim settled without **our** consent.
2. The direct or indirect benefit of any insurer of property.
3. Property contained in the **covered automobile**.
4. **Property damage** to any motor vehicle owned by **you** or any **family member** which is not a **covered automobile**.
5. The first \$200 of the amount of **property damage** to a covered **automobile** as a result of any one **accident**. However, this exclusion does not apply if:
 - a. **Your covered automobile** is **insured** for collision coverage under this policy, and
 - b. The operator of the vehicle causing the **accident** has been positively identified and is solely at fault.

LIMITS OF LIABILITY - PART IV

1. Regardless of the number of **covered automobiles**, premiums paid, claims made or vehicles involved in the **accident**, the most **we** will pay for all damages resulting from any one **accident** is the limit of Uninsured Motorists Coverage Property Damage shown in the Schedule.
 2. Any amount payable under this insurance shall be reduced by all sums paid by or for anyone who is legally responsible.
 3. **We** will not pay for any **property damage** which is paid or payable under Physical Damage Coverage.
- VI. Solely with respect to the coverage provided by this endorsement, the statement contained on page six of this policy that states "**CONDITIONS PARTS I & II**" paragraph 1. of **YOUR DUTIES** is deleted in its entirety and replaced with the following:

CONDITIONS PARTS I, II & IV

- VII. Solely with respect to the coverage provided by this endorsement, the Section of the policy entitled **CONDITIONS PARTS I, II & IV** is amended as follows:
- A. The clause entitled **OTHER INSURANCE** is amended to include the following additional paragraph at the end thereof:
- The reference in Other Insurance in the policy applies only to other collectible **property damage** uninsured motorists insurance.
- B. The following is included at the end thereof:

REIMBURSEMENT AND TRUST

If **we** make any payment and the **insured** recovers from another party, the **insured** shall hold the proceeds in trust for **us** and pay **us** back the amount **we** have paid.

SERFF Tracking Number: STNA-125608732 State: Arkansas
Filing Company: National Specialty Insurance Company State Tracking Number: #103151 \$50
Company Tracking Number: NSIC-DCL-PD-AR-08-01-F
TOI: 20.0 Commercial Auto Sub-TOI: 20.0003 Other
Product Name: Dealer's Contingent Liability and Physical Damage Program
Project Name/Number: NSIC-DCL-PD-AR-08-01-F /NSIC-DCL-PD-AR-08-01-F

Supporting Document Schedules

		Review Status:	
Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Approved	08/05/2008

Comments:

Attachments:

PCTD.pdf

FFS.pdf

		Review Status:	
Satisfied -Name:	Filing Memorandum & Letter of Authority	Approved	08/05/2008

Comments:

Attachments:

AR LOA.pdf

Filing Memo.pdf

Property & Casualty Transmittal Document

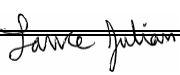
1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #
State National Group	0093

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
National Specialty Insurance Company	TX	22608	75-2816775	

5. Company Tracking Number	NSIC-DCL-PD-AR-08-01-F
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Lance Julian 881 Alma Real Drive Suite 205 Pacific Palisades, CA 90272	State Filings Analyst	888-201-5123 X 149	310-230-8529	doi@perrknight.com
7.	Signature of authorized filer 				
8.	Please print name of authorized filer		Lance Julian		

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	20.0 Commercial Auto
10. Sub-Type of Insurance (Sub-TOI)	20.0003 Other
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	N/A
12. Company Program Title (Marketing title)	Dealer's Contingent Liability & Physical Damage Program
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: Upon Approval Renewal: Upon Approval
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	7/30/2008
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	NSIC-DCL-PD-AR-08-01-F
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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On behalf of National Specialty Insurance Company ("the Company"), we are filing to introduce their new Dealer's Contingent Liability & Physical Damage Program. While this filing pertains to forms the corresponding rates and rules are exempt from Arkansas filing requirements per statute 23-67-206. Please see the enclosed filing memorandum for complete details.

The Company respectfully requests that this filing be implemented for all policies on September 3, 2008 or the earliest possible date upon approval/acknowledgement.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: 103151

Amount: \$50

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

FORM FILING SCHEDULE

(This form must be provided **ONLY** when making a filing that includes forms)
(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #		NSIC-DCL-PD-AR-08-01-F		
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)		N/A		
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

01	CONTINGENT LIABILITY & PHYSICAL DAMAGE POLICY DECLARATIONS	KMI-NSIC-00-DCL-1002-2006-10	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
02	DEALER APPLICATION - CONTINGENT LIABILITY & PHYSICAL DAMAGE	KMI-NSIC-00-CL-1001-2006-10	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
03	DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY GENERAL PROVISIONS	KMI-NSIC-00-MDCL (2008-06)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
04	ARKANSAS AMENDATORY ENDORSEMENT	KI-DCL-NSIC-AR-0001-0608	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
05	ARKANSAS AUTO MEDICAL PAYMENTS COVERAGE	KI-DCL-NSIC-AR-0004-0608	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
06	ARKANSAS PERSONAL INJURY PROTECTION ENDORSEMENT	KI-DCL-NSIC-AR-0002-0608	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
07	ARKANSAS UNINSURED MOTORISTS COVERAGE	KI-DCL-NSIC-AR-0003-0608	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
08			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
09			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
10			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
11			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
12			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		

FORM FILING SCHEDULE (Continued)

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #				
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

13			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
14			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
15			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
16			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
17			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
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19			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
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21			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
22			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
23			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
24			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
25			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		

FORM FILING SCHEDULE (Continued)

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #				
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

26			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
27			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
28			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
29			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
30			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
31			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
32			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
33			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
34			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
35			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
36			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
37			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
38			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		

FORM FILING SCHEDULE (Continued)

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #				
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

39			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
40			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
41			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
42			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
43			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
44			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
45			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
46			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
47			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
48			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
49			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
50			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
51			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		

FORM FILING SCHEDULE (Continued)

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #				
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

52			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
53			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
54			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
55			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
56			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
57			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
58			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
59			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
60			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
61			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
62			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
63			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
64			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		

FORM FILING SCHEDULE (Continued)

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1.	This filing transmittal is part of Company Tracking #				
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

65	Territorial Limitation Endorsement PD	E569.2	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
66	Merchandising Endorsement PD	E570.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
67	Delete Negligent Media Content Liability Endorsement PD	E571.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
68	Claims Made Endorsement PD	E572.2	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
69	Rights Period Endorsement PD	E573.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
70	Delete Trademark Endorsement PD	E574.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
71	Privacy Policy Exclusion Endorsement PD	E575.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
72	Licensed Professional Services Exclusion Endorsement PD	E576.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
73	Specific Claim Exclusion Endorsement PD	E577.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
74	Specific Exclusion Endorsement PD	E578.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
75	Specific Entity Exclusion Endorsement PD	E579.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
76	Defense Cost Co-Insurance Endorsement PD	E580.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
77	Unauthorized Use Exclusion Endorsement PD	E581.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		

FORM FILING SCHEDULE (Continued)

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1.	This filing transmittal is part of Company Tracking #				
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

78	Music Exclusion Endorsement PD	E582.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
79	Film Clips Exclusion Endorsement PD	E583.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
80	Copyright License Exclusion Endorsement PD	E584.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
81	Set Top Box Exclusion Endorsement PD	E585.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
82	Broad Form Errors and Omissions (BI PD) Endorsement PD	E586.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
83	Broad Form Errors and Omissions (BI PD) Sublimit PD	E587.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
84	Producers Additional Insured (30 Days Notice) Endorsement	E588.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
85	Converts Policy to Named Perils Endorsement PD	E589.1	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
86			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
87			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
88			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		



April 15, 2008

Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201-1904

**Re: Letter of Filing Authorization
National Specialty Insurance Company
Dealer's Contingent Liability Program
Rate, Rule and Form Filing**

Dear Ladies/Gentlemen:

This letter will certify that Perr & Knight has been given full authorization to submit the captioned filing on behalf of National Specialty Insurance Company. This authorization extends to all correspondence related to the referenced filing only. It does not apply to any subsequent filings made after the approval of the referenced filing.

Please direct all correspondence in relation to this filing directly to Perr & Knight, 881 Alma Real Drive, Suite 205, Pacific Palisades, CA. 90272. Should you have any questions concerning this filing, please contact Perr & Knight at (888) 201-5123. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. M. Cleff", with a stylized flourish at the end.

David M. Cleff
Senior Vice President and General Counsel

Cc: File (Knight Mgmt)

NATIONAL SPECIALTY INSURANCE COMPANY
DEALER'S CONTINGENT LIABILITY & PHYSICAL DAMAGE PROGRAM
STATE OF ARKANSAS

FILING MEMORANDUM

With this filing, National Specialty Insurance Company ("National Specialty" or the "Company") is proposing to introduce a new Dealer's Contingent Liability and Physical Damage Program. This program provides protection to auto dealers following the sale or lease of a vehicle, while the title is being transferred to the customer via the Department of Motor Vehicles. The policy protects the auto dealer's interests during this period, as the dealer remains as a lien holder--and therefore does maintain a degree of liability and an interest in the vehicle--until the title has been officially transferred. The program provides the dealer with contingent liability and physical damage coverage for each vehicle scheduled on the policy.

This program is consistent with the Company's program being filed concurrently in other states and already approved in several states. As this is a new program for National Specialty Insurance Company, and the Company does not have its own experience off of which to base its rates, this program is based on that of Great American Insurance Company (approved under file number CA AR 0002 SPOT. As with the Great American program, the rates pages included with this filing indicate that rates are to be calculated using a base of 7 days of coverage and adjusting for any additional number of days, up to 30 days. This program also offers an option for renewal. Due to overwhelming delays in transfer of title, dealers have requested subsequent renewals. For this reason, we intend to offer a renewal option to assist dealers in such events, but for no more than 5 renewal periods. The proposed program also includes one additional option (to those offered by the Great American program) for the Maximum Vehicle Value (\$75,000+) and for the Deductible (\$2,500), so that we may be able to provide more options to meet the needs of our customers. Additionally, the proposed program includes Dealer Classification factors for the physical damage coverage, in order to allow the pricing to be tailored to the exposure of various types of dealerships. Other than these additional options to help us meet the needs of our anticipated customers, the proposed program is consistent with that of Great American.

It is important to note that Great American Insurance Company is in the process of withdrawing from this line of business and there is a risk that all their current insured dealerships might be orphaned by not being able to obtain the necessary coverage which would adversely affect their business, especially in these difficult times. National Specialty hopes to be able to alleviate this problem by stepping in and being able to offer this coverage to all those dealerships who would otherwise not have coverage.

As this is a new program, there is no rate impact associated with this filing.

<i>SERFF Tracking Number:</i>	<i>STNA-125608732</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>National Specialty Insurance Company</i>	<i>State Tracking Number:</i>	<i>#103151 \$50</i>
<i>Company Tracking Number:</i>	<i>NSIC-DCL-PD-AR-08-01-F</i>		
<i>TOI:</i>	<i>20.0 Commercial Auto</i>	<i>Sub-TOI:</i>	<i>20.0003 Other</i>
<i>Product Name:</i>	<i>Dealer's Contingent Liability and Physical Damage Program</i>		
<i>Project Name/Number:</i>	<i>NSIC-DCL-PD-AR-08-01-F /NSIC-DCL-PD-AR-08-01-F</i>		

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	ARKANSAS AMENDATORY ENDORSEMENT	07/29/2008	SAE.pdf

ARKANSAS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

DEALERS CONTINGENT LIABILITY AND PHYSICAL DAMAGE POLICY

The provisions of the policy apply unless modified by this endorsement.

The policy is changed as follows:

- A. **RIGHT TO APPRAISAL** of **PART II – DAMAGE TO A COVERED AUTOMOBILE** is deleted in its entirety and replaced by the following:

RIGHT TO APPRAISAL

1. If **you**, or the **additional insured**, and **we** disagree on the amount of **loss**, either may request an appraisal of the **loss**. In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the **actual cash value** and amount of **loss**. If they fail to agree, they will submit their differences to the umpire. Each party will:
 - a. Pay its chosen appraiser; and
 - b. Bear the other expenses of the appraisal and umpire equally.
2. However, this procedure will not replace **your** or any **additional insured's** right to a jury trial on any question of fact arising under the policy.

- B. **ARBITRATION** of **CONDITIONS PARTS I & II** is deleted in its entirety.

- C. Paragraphs **2.** and **3.** of **CANCELLATION** are replaced by the following which apply unless Paragraph D. of the endorsement applies:

2. **We** may cancel this policy by mailing or delivering to the **insured** or **additional insured** written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation if:
 - a. the policy has been in effect 60 days or less; or
 - b. the premium has not been paid.
3. **We** may cancel this policy by mailing or delivering to the **insured** or **additional insured** written notice of cancellation, stating the reason for cancellation, at least 20 days before the effective date of cancellation after the policy has been in effect for more than 60 days.

The permissible reasons for cancellation after the policy has been in effect for more than 60 days are as follows:

- (a) Nonpayment of premium;
- (b) Fraud or material misrepresentation made by **you** or the **additional insured** or with **your** or the **additional insured's** knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (c) The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;
- (d) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the policy; or
- (e) A material violation of a material provision of the policy.

D. Paragraph 1. of **NONRENEWAL** is replaced by the following:

1. If **we** decide not to renew this policy, **we** may do so by mailing to the **insured** or **additional insured**, at the last mailing address known to **us** written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before:
 - a. Its expiration date; or
 - b. Its anniversary date, if it is a policy written for a **coverage term** of more than one year and with no fixed expiration date. However, **we** are not required to send this notice if nonrenewal is due to the **insured** or **additional insured** failure to pay any premium required for renewal.

We will mail **our** notice to the **insured** or **additional insured** mailing address last known to **us**. If notice is mailed, proof of mailing will be sufficient proof of notice.

E. The following is added to **CONDITIONS PARTS I & II**:

NOTICE TO POLICYHOLDERS:

The Policyholder Service Office of National Specialty Insurance Company is:

Knight Management Insurance Services, LLC
4751 Wilshire Blvd. #111
Los Angeles, CA 90010
(888) 333-8198

If **we** at National Specialty Insurance Company fail to provide **you** or the **additional insured** with reasonable and adequate service, **you** or the **additional insured** should feel free to contact:

Arkansas Insurance Department
Consumer Services Division
1200 W. 3rd St.
Little Rock, AR 72201-1904
Telephone 800-852-5494 or 501-371-2640

All other terms and conditions remain unchanged.